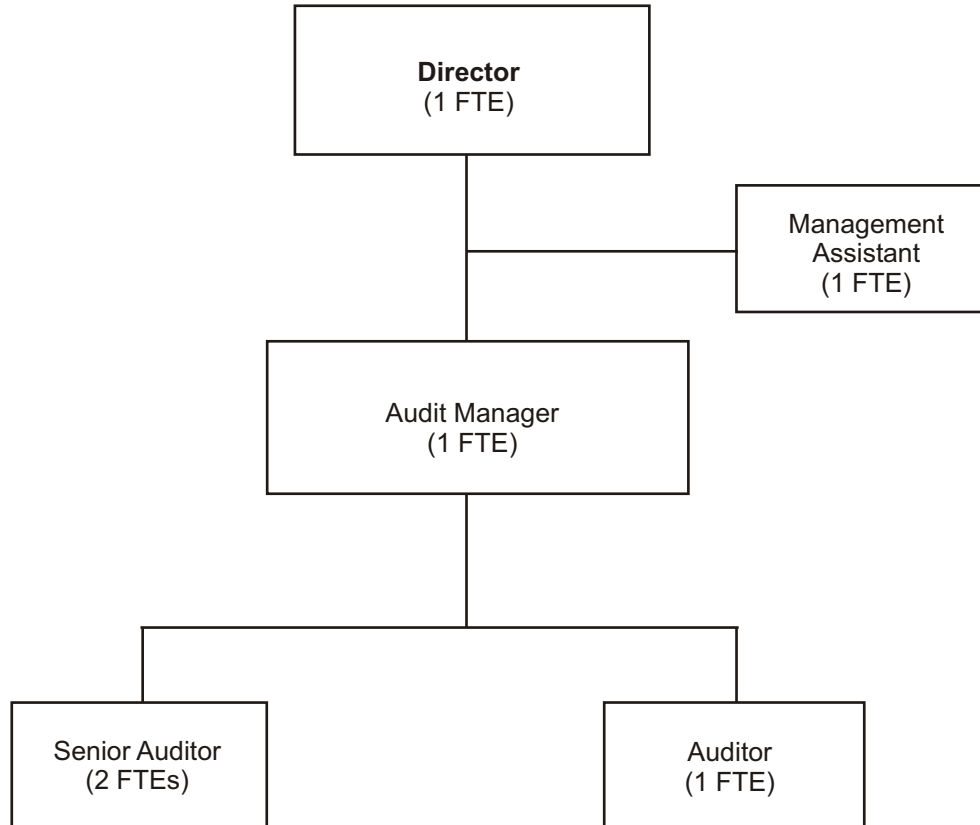




## Department of Audit Services

(6 FTEs)



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## DEPARTMENT OF AUDIT SERVICES

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**Mission:**

To provide independent, objective, assurance and consulting services that facilitates decision-making, and enhances the efficiency of government services.

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### PROGRAM DESCRIPTION

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**Audit Services****\$521,891****6 FTEs**

Auditing is an independent appraisal function designed to examine and evaluate activities within the City as a service to management, the Audit Services Oversight Committee, and elected officials. Auditing is a managerial control that measures and evaluates the effectiveness of other controls. External entities are also subject to review to determine whether revenues have been properly remitted to the City and whether grant or pass-through funds are appropriately utilized. The Audit Department conducts financial, compliance, performance, and information systems audits and reviews, and performs investigations and special reviews. The Department is responsible for the administration of external audit contracts.

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### RESOURCE ALLOCATION

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	Actual FY 2002-03	Adopted FY 2003-04	Estimated FY 2003-04	Adopted FY 2004-05	Change
Appropriation					
Personal Services	\$ 408,058	\$ 438,363	\$ 440,782	\$ 452,386	3.2%
Operating	27,714	67,760	51,099	65,505	-3.3%
Capital	8,433	5,985	5,192	4,000	-33.2%
Total Appropriations	\$ 444,205	\$ 512,108	\$ 497,073	\$ 521,891	1.9%
Full Time Equivalents	6	6	6	6	-
Part-Time	-	-	-	-	-
Revenues					
Discretionary	\$ 444,205	\$ 512,108	\$ 497,073	\$ 521,891	1.9%
Program	-	-	-	-	-
Total Revenues	\$ 444,205	\$ 512,108	\$ 497,073	\$ 521,891	1.9%

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### BUDGET ISSUES FOR FY 2004-05

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- The Audit Services Department's Personal Services budget increase reflected in the resource allocation table is the result of annualized pay and benefit increases for current staff.
- Operating and capital budgets have been reduced by 6% as a result of revised estimates in operating expenditure categories.
- The Audit Services Department anticipates the need to plan for some level of external CPA services, expert consulting, and/or temporary audit staffing to continue in order to respond to special investigations and other special audit projects upon the request of management, the Audit Services Oversight Committee, and the City Council.

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### UNFUNDED OR UNDERFUNDED ITEMS

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- There are no unfunded items in the department's FY 2004-05 budget.

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**COMPLETED INITIATIVES FOR FY 2003-04**

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- Prepared and presented two City-wide training modules targeted to City staff accountable for developing, implementing and monitoring internal controls entitled *"Implementing Effective Internal Controls"*.
- Initiated quarterly reporting to the Audit Services Oversight Committee on the status of completed audit recommendations.
- Implemented strategies to improve areas identified as departmental weaknesses in the Organizational Climate Survey conducted in September 2002. Coordinated follow-up survey to assess improvement.
- Introduced the City's first Fraud, Waste, and Abuse Hotline as a method of obtaining information to help ensure that the City is efficient, effective, and ethical.
- Developed a database to track the status of audit recommendations.
- Provided specific training and resources to assist a City auditor in obtaining initial certification as a Certified Fraud Examiner.

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**DEPARTMENT INITIATIVES FOR FY 2004-05**

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- Prepare and present a City-wide training module related to organizational ethics.
- Initiate RFP process for City's external audit contract.
- Initiate process for Audit Services Department external peer review.
- Evaluate and continue to develop specific training, career development and certification plans for audit staff.
- Introduce an automated "Audit Client Survey" on the City's intranet to assess audit client satisfaction.

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**GOALS, OBJECTIVES, & STRATEGIES FOR FY 2004-05**

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**GOAL:** *Implementation of the Audit Services Department's Strategic Plan that includes standards set forth by the U.S. General Accounting Office – Yellow Book Audit Standards.*

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**OBJECTIVE:** Effectively communicate audit activities to assist the Audit Services Oversight Committee in fulfilling its oversight responsibilities.

**STRATEGY:** Present an annual audit plan and monthly activity reports to Audit Services Oversight Committee.

<b>MEASURE:</b>	<b>Actual FY 2003</b>	<b>Adopted FY 2004</b>	<b>Estimated FY 2004</b>	<b>Adopted FY 2005</b>
# of activity reports made at meetings of the ASOC	11	10	10	10

**OBJECTIVE:** Maintain and obtain training and certification for staff to meet required professional standards, and to sustain a highly trained professional staff with opportunities for development.

**STRATEGY:** Meet the General Accounting Office's (GAO) Government Auditing Standard (3.6- *Continuing Education Requirements*) that requires each auditor to complete at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency every two years.

<b>MEASURE:</b>	<b>Actual FY 2003</b>	<b>Adopted FY 2004</b>	<b>Estimated FY 2004</b>	<b>Adopted FY 2005</b>
# of continuing education hours completed by audit staff	283.5	200	200	200

**OBJECTIVE:** Recognize and communicate the need for internal controls to ensure that resources are used judiciously and that physical assets are protected.

**STRATEGY:** Develop and present City-wide training sessions highlighting the importance of designing and implementing effective internal controls.

<b>MEASURE:</b>	<b>Actual FY 2003</b>	<b>Adopted FY 2004</b>	<b>Estimated FY 2004</b>	<b>Adopted FY 2005</b>
# of employees served by attending training sessions	N/A	N/A	40	40
% of employees benefited based on evaluation forms	N/A	N/A	80%	80%

**OBJECTIVE:** Provide services that help ensure public resources are used in accordance with established laws and regulations and that government services are provided efficiently.

**STRATEGY:** Complete comprehensive audits or reviews and provide useful recommendations for management.

<b>MEASURE:</b>	<b>Actual FY 2003</b>	<b>Adopted FY 2004</b>	<b>Estimated FY 2004</b>	<b>Adopted FY 2005</b>
# comprehensive audits or reviews completed	11	11	11	11
% of recommendations accepted by management	N/A	N/A	95%	95%